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April 12, 2000

Ms. Mary Cottrell, Secretary

Dept. Telecommunications and Energy

1 South Station

Boston, MA

Re: DTE 99-93, 99-103

Dear Ms. Cottrell,

The purpose of this letter is to transmit the attached Tariff Agreements for the Haverhill and the Easthampton Municipal Aggregations. We believe we have now submitted everything that is required for department approval of these plans.

Sincerely,

John Shortsleeve

Attorney for Haverhill and Easthampton

Commonwealth of Massachusetts
Before the
Department of Telecommunications and Energy

City of Haverhill and)

City of Easthampton) DTE 99-93 and 99-103

Municipal Aggregation)

Petition for Approval

Mgl c 164 s 134 (a) establishes procedural rules for the development of municipal aggregation plans, substantive rules regarding the minimum content of these plans, and service standards and cost of service standards regarding the generation service to be provided by these plans.

Procedural Rules

The statute requires the City Council to authorize the Mayor to initiate a process to develop an aggregation plan. Both City Councils have taken the required votes. Certified copies of these votes have been submitted previously and are on file with the department.

The statute requires the community to develop these plans in consultation with the Division of Energy Resources. Both of these plans were developed through this consultative process. Over a period of five months, last spring and last summer, several drafts of these of plans were reviewed by both DOER and DTE staff. The plans as filed with the department in November, incorporated all of the comments received through this consultation process.

Even though not required by the statute, the final plans, reflecting the comments of both DOER and DTE staff were submitted for review and final approval by the City Council in both Cities. The certified votes of both City Councils approving these plans are already on file with the department.

The statute requires the department to conduct a public hearing on the plans. These hearings were conducted in December in both cities.

Minimum Content Rules

The statute requires that the plan must contain a description of the following:

1. an organizational structure of the program;
2. its operation and its funding;
3. rate setting and other costs to participants;
4. methods for entering and terminating agreements;
5. rights and responsibilities of program participants;

6) the termination of the program.

The plans on file with the department include a section describing all of the above.

It is reasonable to assume that the plans would not have cleared the consultation phase if they did not meet these minimum content standards.

Standards of Service

The statute requires the plans to provide generation service that meets the following service standards. The Plan must:

- 1) provide for universal access;

2) provide reliable service;

3) provide for equitable treatment of all customer classes.

Both plans contemplate the procurement of a generation supply through a competitive market process. The Cities of Haverhill and Easthampton have elected to participate in a joint procurement process. A request for proposals was issued on behalf of both Cities in November. Based on market feedback an addendum was issued in December that separated the generation service into its retail and wholesale components. Responsive bids were received in January that yielded savings below the standard offer for all rate classes, in both communities in calendar 2000.

In light of the volatility of the electric market, bidders were not willing, and were not asked, to submit firm prices. The indicative pricing received in January is now stale and no longer valid. The market reality is that suppliers are not willing to hold a firm price pending a state review and approval process. Consequently, we have decided to adopt this new approach.

The tariffs filed by both cities today, establish the guiding principles that will govern the supply contracts procured to service these two municipal aggregations. They address the service standards of the statute in a fashion that meets the DTE review standard, on the one hand, while simultaneously addressing certain market realities discovered through the joint procurement process.

Universal Access Both tariffs allow service to begin for one rate class prior to the initiation of service of another rate class. This may be a requirement of the market in calendar 2000. However, the tariff also requires that a date certain be established for the start of service of all rate classes, before service can begin for any rate class. The Tariff also requires that the maximum time that can elapse between the start of service to the first rate class served and the start of service to last rate class served, is 12 months. We believe that a contract can be procured in this market that meets this tariff condition. And we believe that a plan that meets this tariff condition meets the statutory standard of universal access.

Reliable Service Both tariffs take an identical approach to this issue. The supply obligation must be a conventional full requirements, load following supply obligation, including losses to the customer's meter. The supplier must be a member of ISO new England. And the supply obligation must be guaranteed by an investment grade guarantor.

Since the distribution utility is the supplier of last resort at default service rates, reliability of supply, is in the final analysis a financial undertaking. We believe that a plan that mandates the above approach meets the reliability of service standard. We are very confident, based on the market testing to date, that the terms described above can be procured in this market.

Equitable Treatment We had planned to procure separate rates for each rate class. The plans filed in November, contemplated that the cost of serving each rate class would in fact be determined by the market. Now that we have tested the marketability of the combined load in each community we have refined our approach to pricing of the various rate classes.

The ability of the load curves to complement one another is no longer an abstraction in these two cities. It is a market tested reality. We intend to procure one base rate for all rate classes. We expect this base rate to be a lower rate than we could procure for any rate class by itself. To this base rate we will then make at least two, and potentially three adjustments. First we will add a rate class specific cost of line losses. Second, we will add a rate class specific cost of credit and collection. Third, to the extent the final pricing allows, all rates will be adjusted in order to give the low income ratepayers a discount of up to 10%. This low income adjustment will be set at the discretion of the municipal aggregator.

We believe that this approach is less free wheeling than the "let the market decide" approach that was contemplated last Fall. The line loss adjustment and the cost of credit adjustments are discreet and quantifiable costs that are in fact different for different rate classes. It is hard to quarrel with the equity of assigning these costs to their respective rate classes.

The department is already on record in support of low income discounts greater than 10% with respect to distribution rates. Membership in the municipal aggregation is voluntary.

If it is equitable to impose discounts of greater than 10% on the distribution side, it would seem difficult to argue that elective membership in an aggregation that affords 10% low income discounts on the generation side is inequitable. We believe that it is appropriate to afford discretion in this matter, in this fashion, to the municipal decision makers.

Cost of Service Standard

The statute provides that the department shall not approve any such plan:

1. If the price for energy would initially exceed the price of

the standard offer,
2. Unless the applicant can demonstrate that price for energy under the plan will be lower than the standard offer in subsequent years,

3. Or the applicant can demonstrate that such excess price is due to the purchase of renewable energy as described by DOER

According to this statutory standard, the department only needs to be concerned in the first instance, with the initial price of competitive service through the aggregation. If the initial price for competitive service is less than the standard offer, that appears to be the end of the pricing review. The "lower than standard offer in subsequent years" standard is only triggered if the initial price is above the standard offer. This focus on the "initial price" makes sense in light of the uncertainty inherent in future projections of standard offer rates. The only standard offer rate that is reliably known by the department at the time of its pricing review, is the standard offer in the current year.

Mass. Electric has a projected standard offer in the out years that is subject to increase in the event the Company's underlying contract with their standard offer provider increases. That underlying contract is, in turn, subject to increase in accordance with a fuel adjustment clause. We have applied the formula in Mass Electric's fuel adjustment clause. In doing so, we used the gas and oil indices referenced in that contract language. As of March 15, 2000 based on 2 ½ months of history and 9 ½ months of published forward price projections, the January 2001 cost of standard offer service in the US Gen contract will be 4.3 cents per kwh. We do not know if Mass Electric will add any cost for administering standard offer service to its requested standard offer rate. We do not know if Mass Electric will request department approval of a year 2001 standard offer rate that changes from month to month. All that we do know, is that the January 2001 price in their underlying contract will be 4.3 cents per kwh if the March 15, 2000 forward price projections are accurate. We have used the 4.3 cent price as the projected price for 2001, and the Mass Electric projected schedule of standard offer rates (4.2, 4.7, and 5.1) for the three years following 2001.

The Western Mass Electric standard offer is more difficult to project. The Company is operating under a department mandate to set its standard offer at a market rate based on an annual competitive procurement. Given the lack of history and the volatility in the electricity market in Massachusetts, we know of no reliable basis for making standard offer projections. The little history that does exist would suggest that standard offer rates are more likely to go up than to come down. This upward pressure on standard offer rates may be a reflection of the legislative policy and department policy that higher standard offer rates are conducive to the development of a competitive market. Since we had no basis doing so, we have not projected any increase or decrease in the Western Mass Electric standard offer. We have assumed it would stay at the 4.557 level for the next three years.

Given the uncertain nature of standard offer projections, we have chosen to rely on the dated and lower projections of standard offer rates that were referenced in Mass Electric settlement and preliminary Western Mass Electric settlement. In both service territories the dated projections of standard offer rates were as follows:

1. 3.8
2. 4.2
3. 4.7
4. 5.1

The January 2000 standard offer rates for Western Mass Electric and Boston Edison were set well above the rates scheduled in the settlements. The calendar 2001 Mass Electric standard offer is expected to be set well above the standard offer rate in this schedule. These rates appear to be conservative low range estimates of the expected standard offer rates. These rates average 4.45 cents per kwh over the four year period. We have used this 4.45 cent rate as a conservative low end estimate of the average standard offer rate for this four year period.

The attached tariffs for Haverhill and Easthampton mandate that the initial price must be below the published standard offer. These tariffs go beyond this statutory standard and mandate a locally driven higher standard that the average reduction below the projected standard offer rate in subsequent years must be at least 5%. This minimum 5% reduction below the projected standard offer rates used in the tariffs means that the average contract

that can be approved can not exceed an average of 4.346 cents per kwh in Haverhill or 4.329 cents per kwh in Easthampton over the four year period from 2001 through 2004.

Both of these aggregation plans meet the cost of service standard in the statute.

Municipal Review

The Restucturing Act contemplated a unique approach to state review of these municipal plans. First the Act deletes municipal aggregator from the definition of aggregator, which has the effect of eliminating regulatory licensing and review, except as expressly called for in sections of the Act. Second the Act mandates a state consultation role in the development of these plans. The legislative concept is that the state will assist the community in the development of these plans. Third, the Act mandates a pre-eminent role for the municipal legislature. The aggregation plans submitted to the DTE must be authorized by municipal decision making. And fourth, the Act calls for a limited review by the DTE to ensure that municipal plans meet the standards articulated above.

The Haverhill and Easthampton Aggregation Plans meet the procedural standards, the minimum content standards, the service standards and the cost of service standards described in the Act. We encourage the department to approve these plans as supplemented by today's filing.

Credit and Collection Rules

The department does not have any regulations dealing with the termination of membership in and the consequent termination of generation service through a municipal aggregation. To avoid controversy and to expedite approval, we have proposed a set of credit and collection rules that mimic in large part the credit and collection rules already applicable to non municipal suppliers. In order to terminate membership in the aggregation:

1. We have used the notice schedule provided in 220 CMR 11.05
2. We have used this schedule for both residential and commercial members
3. We have afforded residential members the same appeal rights described in 220 CMR 11.07, 25.02 and 29.00

Our proposed a set of membership termination rules cover three situations that are not covered by the existing regulations applicable to private suppliers.

First, we have given the municipal supplier the right to suspend membership in the aggregation, and consequently generation service through the aggregation, in the circumstance where an appeal is pending beyond the 51 day period following receipt of a bill. It is absolutely essential to the success of these municipal aggregations, that the risk of non - payment be limited to three months of service.

We have balanced this right of suspension with the obligation to honor any DTE order with respect to issues in dispute, once the appeal is completed. In short, in order to use the use this right of suspension to his benefit, the municipal supplier must be right, and the resident must be wrong, in the opinion of the DTE.

Second, we have highlighted an area of consumer confusion inadvertently created in the existing regulations. The LDC is responsible for billing. The competitive supplier is responsible for collection. In the context of an aggregation that services 31,000 accounts in a diverse municipal population, some delinquent consumers will be receiving collection notices from the supplier at the same time that that consumer will be receiving bills from the LDC. The collection notice from the municipal supplier directs the consumer to make payment directly to the supplier in order to prevent termination of membership in, and generation service through the aggregation. The bill from the LDC includes an arrears notice that directs the same consumer to make payment directly to the LDC for both generation service and distribution service.

In the interest of full and fair disclosure, we request the DTE to require the LDC to disclose in the arrears notice that payment of the delinquent amount for generation service directly to the LDC is unlikely to prevent termination of membership in the aggregation. Anything short of that disclosure is at a minimum confusing, and at a maximum borderline deceptive.

Third, as a result of implementing the aggregation, the LDC will be holding a security deposit from certain commercial accounts that is larger than the deposit contemplated by 220 CMR 26.03. This regulation contemplates that LDC can hold a security deposit equal to two months of expected bills. By virtue of implementing this aggregation the LDC will be put in the unexpected situation of holding security deposits equal to four months of distribution bills.

The single biggest obstacle to municipal aggregation in Massachusetts is the cost of managing the credit and collection risk. We request the department to order the LDC to transfer the portion of the section 26.03 commercial security held that is related to generation service, to the municipal supplier of generation service. We also propose that the municipal supplier be responsible for managing those security deposits in compliance with 220 CMR 26.00. This approach is a matter of fundamental fairness. It will help to promote the access to competitive supply through the tool of municipal aggregation

Haverhill Energy Plan

The Haverhill Aggregation Plan incorporates by reference the Haverhill Energy Plan.

Mgl c 164 s 134 (b) establishes the statutory standards for the review and approval of municipal energy plans.

Procedural Schedule

The procedural schedule that was suspended in February contemplated a three week process for the review and approval of the supply contracts that we had hoped to file in February. We have already explained the market conditions that have led to this alternate procedure. The prices that we had

procured January evaporated in March while we were struggling with confidentiality issues.

The procedure we are now proposing employs a streamlined and simpler approach to the department's review. We are asking the department to review our plans as supplemented by these tariffs and make four findings:

1) That the Cities of Haverhill and Easthampton have complied with procedural

procedural requirements of section 134 (a);

2) That the plans submitted comply with the minimum content rules of section

134 (a);

3) That the plans submitted comply with the service standards of section 134 (a);

4. That the plans submitted comply with the cost of service standards of section

134 (a);

If the department makes the four findings described above, the department should approve the aggregation plans. We are also hoping that the department will order the LDC in each community a) to share the commercial deposits in the fashion described in this memorandum, and b) to make the requested disclosure in any arrears notice that is described in this memorandum.

We are receiving strong indications that the market expects a dip in prices in May. We are hoping to have the DTE approval in time to take advantage of this expected dip in prices. We request the department to honor the three week schedule for review and approval that was suspended in February.

Haverhill Aggregation Retail tariff Agreement

AVAILABILITY, UNIVERSAL ACCESS

Generation service under this tariff is available all consumers of electricity in the City of Haverhill pursuant to certain "opt out" rights described herein. All consumers in the City, who are not contractually bound to an alternative competitive supplier, will be automatically enrolled in the Haverhill Aggregation, and will receive generation service pursuant to this tariff, unless they exercise their right to opt out of this Aggregation by completing the "Opt out" form described below. This "opt out" form will be mailed to all consumers prior to the initiation of service together with a notice explaining such consumer's rights to alternative sources of generation service.

Service under this tariff will be offered in stages by rate class. Service will be offered to every rate class, at the competitive rates described herein, on a date certain that is known and published

prior to the initiation of service to any rate class. There shall be no more than 12 months between the initiation of service to the first rate class served and the initiation of service to the last rate class served.

New consumers who move into the City after the start of the aggregation will have the right to join the Aggregation and to be served by the competitive supplier. Such new consumers will exercise their right to join the aggregation through an affirmative sign up process described more fully in the Haverhill Aggregation Plan which is available at the City Clerks office and at the Haverhill Public Library

STANDARD OFFER SERVICE

Consumers who decide at any time within 180 days of the initiation of service under this tariff to "opt Out" will be serviced by Mass Electric with standard generation service at Mass Electric's department approved rate for standard offer service.

DEFAULT SERVICE

Consumers who exercise their right to terminate (which termination rights are described in the General Conditions below) service under this tariff after the 180 day opt out period, will receive generation service from Mass Electric at Mass Electric's department approved right for default service.

In circumstances in which the retail energy supplier terminates service, or suspends generation service to any Aggregation Member (pursuant to termination and suspension procedures described herein), such terminated or suspended consumer will receive generation service from Mass Electric at Mass Electric's department approved rate for Default Service.

COMPETITIVE GENERATION SERVICE

All residential and commercial consumers in the City of Haverhill, who are not contractually committed to an alternative competitive supplier, and who do not "Opt Out" of this aggregation will receive generation service at the following rates. Service at this competitive rate will begin on the service start date for each rate class and continue until the end of the term of this contract, unless this contract is validly terminated by the consumer or terminated or suspended by the retail energy provider.

RATE FOR COMPETITIVE SERVICE

The rate for competitive generation service, that is provided by the competitive retail supplier, will be set by contract and will be described in the "OPT OUT" notice that is

mailed to each consumer prior to automatic enrollment. This rate will be at or below the competitive service rates described below:

STANDARD OFFER RATE COMPETITIVE SERVICE RATE

INITIAL PERIOD

2000. 3.8 cents per kwh Less than 3.8

PROJECTED

2001. 4.3 cents per kwh

2002. 4.2 cents per kwh will average at least 5%

2003. 4.7 cents per kwh cent less

2004. 5.1 cents per kwh

OPT OUT PROCEDURE

Consumers that are automatically enrolled at the inception of the plan, shall have the right for 180 days following the initiation of competitive supply service to that consumers meter to "OPT OUT" of the aggregation plan. To "OPT OUT" a consumer simply needs to mail or deliver the following form to the office of the Haverhill Aggregation as shown below:

"OPT OUT" FORM

Please fill out the form, including your Mass Electric account number (which is a 12 digit number that appears in the upper left hand side of your most recent Mass Electric bill) and mail the completed form , and a copy of your most recent Mass Electric bill to the following address:

Haverhill Aggregation Plan

87 Winter St.

Haverhill, MA 01830

NAME _____

ADDRESS _____

Mass Electric Account Number _____

I wish to "OPT OUT" of the Haverhill Aggregation Plan

Signature _____ Date _____

You may use a copy of this form, or you may pick up additional forms at the office of the Haverhill Aggregation shown above.

If at the end of the initial term of the initial contract a new contract is negotiated with a new competitive supplier, or a renewal contract is negotiated with the existing competitive supplier, all members of the Aggregation will have an additional opportunity to "OPT OUT" for 180 days following the initiation of competitive generation service under any such new contract or any such renewal contract. Consumers who opt out in this fashion at this renewal date will be entitled to receive default service from Mass. Electric or to contract with any competitive supplier for generation service.

DISTRIBUTION SERVICE

All consumers who participate in the Haverhill Aggregation will continue to receive distribution service from Mass. Electric. Mass Electric will continue to have responsibility for the delivery of electricity, the maintenance of all wires, the reading of all meters, and the routine billing of consumers for their complete electric service, including generation service. Mass Electric will perform this distribution service at distribution rates approved by the Department.

BILLING

Mass. Electric will perform all routine billing for both distribution service by Mass Electric and generation service by the retail supplier.

COLLECTION

The retail supplier will assume direct responsibility for collecting overdue amounts for generation service pursuant to the credit and collection rules described herein.

GENERAL CONDITIONS FOR COMPETITIVE SERVICE UNDER THE HAVERHILL AGGREGATION

1) Termination Rights in Favor of Members In addition to the "OPT OUT" rights described above, residential and commercial consumers who move after the start of the aggregation may terminate their contract for competitive supply. In addition all consumers would have the right to terminate in the event of any default by the Competitive Supplier.

2) Termination and Suspension of Service to Individual Members in Favor of Competitive Supplier The Competitive Supplier has the right to terminate service to an individual member if that member is in default. Default will be defined as the unexcused failure to pay any bill within 51 days.

If a residential member has an appeal pending before the DTE, or a commercial member has an appeal pending before any court of competent jurisdiction, regarding a contested bill, and such appeal process continues beyond 51 days from the mailing of the initial bill, such member will not be in default and will not be terminated. However, the Competitive supplier may suspend generation service and switch such member to Default Service pending the outcome of that appeal. If such member prevails on any contested issue before the DTE or before such court, such member will be reinstated in the Aggregation following that appeal, and following the payments as ordered to be made by the DTE. or the court. Such payment order may include reimbursement for the difference between service at the contract rates and service at default rates for the period of time the member was switched to default service. If the member does not prevail on any contested issue, membership in the aggregation and service through the aggregation will be terminated and the competitive supplier will pursue collection efforts for the amounts due from such terminated member.

RELIABILITY OF COMPETITIVE SERVICE

Full requirements generation service, as defined below, will be provided by a Company that is a member of ISO New England. The generation service obligation of such company will be guaranteed by an investment grade guarantor. In the event such company fails to provide service for any reason, the members of the Aggregation will

receive default service from Mass Electric at Mass Electric's default rates. In the event of any unexcused failure by the competitive supplier to provide service, the members of the aggregation will be entitled to damage payments from the competitive supplier that are equal to the difference between service at the contract rates and service from Mass Electric at default rates.

Full Requirements electricity supply service shall mean service at the delivery point (Mass Electric pool transmission facility) in sufficient quantities to meet the energy needs of each of the Aggregation Members at the meter of that Aggregation Member. The supplier will be responsible for obtaining all present or future requirements for Installed Capability, Operable Capability, Energy, Operating Reserves, Automatic Generation Control, losses, uplift costs, any congestion charges associated with Full Requirements Service and any other requirements, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time. The supplier will also be responsible for obtaining all transmission and distribution losses associated with delivery of the electricity to the customer's meter. Mass Electric will be responsible for delivering the competitive electric supply received at the Mass Electric pool transmission facility to the customers, pursuant to transmission rates and distribution rates approved by the department.

EQUITABLE TREATMENT OF ALL RATE CLASSES

One base rate for service to the entire aggregated load will be based on a competitive procurement of electric supply. This single base rate will then be adjusted as follows:

1. A line loss cost, specific to each rate class, will be added to the rate for each rate class that reflects the cost of line losses attributed to that rate class.
2. A cost of credit, specific to each rate class, will be added to the rate for each rate class, which cost of credit will be determined by the municipal aggregator, based on the market signals received regarding cost of credit in the competitive procurement process.
3. A low income adjustment may be made, at the discretion of the municipal aggregator, which reduces the cost of service up to 10%, to consumers receiving low income distribution discounts. The cost of this low income discount adjustment, if made, will be spread evenly across all other rate classes.

The final cost of service to each rate class will be fully and fairly disclosed in the "OPT OUT" notice that is mailed to each consumer prior to automatic enrollment. The rate for each rate class will achieve savings below the standard offer as described in the "Rate for Competitive Service" paragraph above.

OTHER TERMS AND CONDITIONS

Other terms and conditions, consistent with the above, will be established through the competitive procurement process. The initial contract procured will be described in an OPT OUT notice that is mailed to every consumer prior to automatic enrollment. Any renewal contract will be described in an OPT OUT notice that is mailed to every consumer prior to the initiation of service under such renewal contract.

Credit and Collection Rules Applicable to Haverhill Aggregation Members

The following rules are intended to balance two fundamental objectives of the aggregation: 1) the fair and uniform treatment of all consumers who elect to participate in this aggregation; and 2) the efficient collection of all legitimately issued bills. Membership in the aggregation is voluntary. All members agree to abide by the following rules as a condition of that membership. These rules mimic, in large part, the credit and collection rules applicable to competitive suppliers and distribution companies that are contained in 220 CMR 11.05, 25, 26, 27, 28, and 29.

Billing

Mass Electric will issue all routine bill for the entire electric service, including both wires related service and generation related service. Bills will be issued monthly, on the day following the individual meter read date. Residents, who make timely payments, will make one payment to Mass. Electric for both distribution service and generation service. If a consumer is delinquent in making payments for generation service, Mass Electric will not attempt to collect the delinquent amounts, but will continue to carry a notice on future monthly bills regarding any amount for generation service that is in arrears. Consistent with the rules applicable to private aggregators, the competitive supplier will be directly responsible for collecting overdue payments for generation service.

Collection - Residential Rules

First Collection / Termination Notice

The competitive supplier will be responsible for the collection of delinquent amounts for generation service if payment is not received through the routine Mass Electric billing process. If payment has not been received by the competitive supplier within 27 days of the mailing of the initial bill by Mass Electric, the competitive supplier will issue a collection notice requesting payment. This collection notice by the competitive supplier will include the following:

a) Due to lack of payment for the generation service, the competitive supplier has initiated the process to terminate membership in and generation service under the aggregation.

b) Membership in and generation service under the aggregation will be terminated on a date certain (51 days from the mailing of the initial Mass Electric bill).

c) In order to prevent generation service under the aggregation from being terminated, the resident must make payment of the delinquent amount **DIRECTLY TO THE COMPETITIVE SUPPLIER, CARE OF THE HAVERHILL AGGREGATION,** at an address to be provided.

d) If the resident attempts to make payment of the delinquent amount for generation service directly to Mass. Electric, it is likely that membership in and generation service under the aggregation will be terminated. The reason for this is that Mass Electric will apply any payments received to pay outstanding and current wires related charges, and will only apply payments received by Mass Electric, to generation service, if the payment is large enough to pay for all wires related charges, overdue and current, as well as the overdue charge for generation service.

Second Collection / Termination Notice

If payment for generation service has not been received by the Competitive Supplier, the competitive supplier will send a second collection notice. This second late notice will be mailed 48 days after the mailing of the first bill by Mass Electric. This final request for payment will include the following information in the notice:

a) Due to lack of Payment for generation service, The competitive Supplier will terminate membership in and generation service under the aggregation on (date certain) which date will be 72 hours after this second termination notice is received. All notices will be deemed to be received three days after they are mailed.

b) In order to prevent generation service under the aggregation from being terminated, the resident must make payment of the delinquent amount **DIRECTLY TO THE COMPETITIVE SUPPLIER, CARE OF THE HAVERHILL AGGREGATION,** at an address to be provided.

c) If the resident attempts to make payment of the delinquent amount for generation service directly to Mass. Electric, it is likely that generation service will be terminated. The reason for this is that Mass Electric will apply any payments received to pay outstanding and current wires related charges, and will only apply payments received by Mass Electric, to generation service, if the payment is large enough to pay for all wires related charges, overdue and current, as well as the overdue charge for generation service. If the delinquent amount is paid **DIRECTLY TO THE COMPETITIVE SUPPLIER C/O THE HAVERHILL AGGREGATION** on before the date specified in paragraph a, membership in and generation service under the aggregation will not be terminated.

IF Generation Service is Terminated

If generation service to any Aggregation Member is terminated , The Competitive Supplier will notify Mass Electric of such termination and such Member shall be returned to Default Service by Mass Electric, at the rates authorized by the DTE for Default Service. The Competitive Supplier will continue to pursue collection efforts following

termination for the overdue charges for generation service, including a \$25 membership termination penalty.

Arrears Notices

Mass Electric will continue to carry an arrears notices for the generation charges outlined above in the Mass Electric bill for two billing cycles following termination.

Any arrears notice by Mass Electric regarding generation payments will include the direction to make payments for these overdue generation charges directly to the COMPETITIVE SUPPLIER CARE OF THE HAVERHILL AGGREGATION, together with a warning that any payments for generation service in arrears that are made directly to Mass Electric are likely to be applied to wires charges rather than overdue generation charges.

Membership Renewal for Terminated Members

The ability of any consumer, whose membership in and generation service through the aggregation is terminated pursuant to the above procedures, to rejoin the Haverhill Aggregation, will be at the discretion of the municipal aggregator. Conditions for rejoining may include the posting of security deposits acceptable to the competitive supplier.

Appeal Procedures Any resident may dispute a bill for generation service and utilize the appeal procedures outlined in the following regulations:

220 CMR 11.07 Regarding unauthorized switching

220 CMR 25.02 Regarding billing disputes and termination Procedures

220 CMR 29:00 Regarding the transfer of responsibility for the payment of electric bills to a landlord in certain circumstances.

The Competitive Supplier will suspend any termination process that is pending while a resident takes advantage of these appeal procedures. However, the reduced rates for the electric supply procured to service the Haverhill Aggregation is premised on the Competitive Supplier's right to limit the risk of non payment to a total of three months of non payments by any particular consumer. To the extent that any appeal is pending beyond the dates specified for termination outlined above, the Competitive Supplier will switch the member whose appeal is pending beyond such date, to default service.

Once the appeal is resolved, the Competitive Supplier will accept the outcome of the appeal, and collect only the amounts allowed by any order of the DTE. If the DTE rules in favor of the Competitive Supplier with respect to every contested issue, such consumer will remain on default service and membership in and the obligation to provide

generation service under the aggregation shall be terminated. If the DTE rules in favor of such residential; consumer on any contested issue, The Competitive Supplier shall return the consumer, without any other penalty, to generation service at the contract rates specified in this contract, as soon as such consumer makes whatever payment has been ordered by the DTE. This approach gives members of the Haverhill Aggregation the same appeal procedures available to consumers whose rights are defined by the above regulations, relative to any disputed amounts, while at the same time preserving the fundamental bargain, that allows the Haverhill Aggregation to procure savings for its entire membership.

Collection Procedures Applicable to Commercial Members

Commercial Members (defined as any member receiving service from Mass Electric at commercial rates) shall be entitled to the same notices outlined above for residents, prior to any termination from membership in the aggregation. Commercial members may contest disputed bills in any court having jurisdiction over such disputes. If any such appeal is continuing beyond the date specified for termination in the schedule outlined above, membership in the aggregation and competitive service through the aggregation will be suspended pending the outcome of any such appeal. Any consumer whose membership is suspended in this fashion will be switched to default service pending the outcome of any such appeal. The competitive supplier will honor the order of any such court regarding the issues in dispute, applying the same principles outlined above regarding appeals by residential members.

Appendix 3 - "Opt Out" Letters

Form Letter re "OPT OUT" rights

Dear Haverhill Electric Consumer:

I am pleased to inform you that we have reached an agreement with ABC corp to provide electric generation service to interested electric consumers in the City. The following table compares the rates that we have negotiated in this model contract to the rates charged by Mass Electric for "standard offer" generation service.

Year MECo Standard Offer Rate New City Procured rate

2000

2001

2002

2003

2004

Service at these new rates under this model contract will begin on the first meter reading following _____ and will continue until _____. At the end of this contract term you will have the opportunity to renew this contract on the following terms

Additional Charges

We will provide in this section an explanation of start up charges, any special meter reading charges, or termination charges, if any are included in the final contract that is negotiated.

Schedule

Generation service under the City procured contract at the contract listed above is scheduled to begin on .

How to enroll or Opt Out

If you would like to participate you do not have to take any action; you will be automatically enrolled on the first meter reading date following_____.

You will continue to receive and pay only one bill from Mass Electric each month. Mass Electric will be responsible for forwarding to ABC Corp, the portion of your payment that is related to generation service. In the first bill following your automatic enrollment and subsequent bills thereafter, the price per kWh for generation service will be at the negotiated rate listed above.

If you would prefer not to receive generation service at these negotiated rates, you can "opt out" of the City procured plan. To "opt out", simply fill out the attached form and return it to the address indicated on the top of form. If you complete and return this "opt out" form by _____, you will not be "automatically enrolled" and you will continue to receive generation service from your current provider of this service.

You may also "opt out" after you are automatically enrolled. To "opt out" in this fashion simply complete and return the attached form at any time within 180 days following your automatic enrollment. If you "opt out" you may return, without penalty, to standard offer generation service from Mass Electric at Standard Offer rates

Additional Information

The Aggregation Plan, and the contract procured pursuant to that plan is available for inspection or copying at the City Clerk's Office.

You may also contact the Division of Energy Resources at the following telephone number for information regarding other available service options.

Sincerely'

James Rurak

Mayor

Easthampton Aggregation Retail tariff Agreement

AVAILABILITY, UNIVERSAL ACCESS

Generation service under this tariff is available all consumers of electricity in the City of Easthampton pursuant to certain "opt out" rights described herein. All consumers in the City, who are not contractually bound to an alternative competitive supplier, will be automatically enrolled in the Easthampton Aggregation, and will receive generation service pursuant to this tariff, unless they exercise their right to opt out of this Aggregation by completing the "Opt out" form described below. This "opt out" form will be mailed to all consumers prior to the initiation of service together with a notice explaining such consumer's rights to alternative sources of generation service.

Service under this tariff will be offered in stages by rate class. Service will be offered to every rate class, at the competitive rates described herein, on a date certain that is known and published

prior to the initiation of service to any rate class. There shall be no more than 12 months between the initiation of service to the first rate class served and the initiation of service to the last rate class served.

New consumers who move into the City after the start of the aggregation will have the right to join the Aggregation and to be served by the competitive supplier. Such new consumers will exercise their right to join the aggregation through an affirmative sign up

process described more fully in the Easthampton Aggregation Plan which is available at the Mayor's office and at the Easthampton Public Library

STANDARD OFFER SERVICE

Consumers who decide at any time within 180 days of the initiation of service under this tariff to "opt Out" will be serviced by Western Mass Electric with standard generation service at Western Mass Electric's department approved rate for standard offer service.

DEFAULT SERVICE

Consumers who exercise their right to terminate (which termination rights are described in the General Conditions below) service under this tariff after the 180 day opt out period, will receive generation service from Western Mass Electric at Mass Electric's department approved rate for default service.

In circumstances in which the retail energy supplier terminates service, or suspends generation service to any Aggregation Member (pursuant to termination and suspension procedures described herein), such terminated or suspended consumer will receive generation service from Western Mass Electric at Western Mass Electric's department approved rate for Default Service.

COMPETITIVE GENERATION SERVICE

All residential and commercial consumers in the City of Easthampton, who are not contractually committed to an alternative competitive supplier, and who do not "Opt Out" of this aggregation will receive generation service at the following rates. Service at this competitive rate will begin on the service start date for each rate class and continue until the end of the term of this contract, unless this contract is validly terminated by the consumer or terminated or suspended by the retail energy provider.

RATE FOR COMPETITIVE SERVICE

The rate for competitive generation service, that is provided by the competitive retail supplier, will be set by contract and will be described in the "OPT OUT" notice that is mailed to each consumer prior to automatic enrollment. This rate will be at or below the competitive service rates described below:

STANDARD OFFER RATE COMPETITIVE SERVICE RATE

INITIAL PERIOD

2000. 4.557 cents per kwh Less than 4.557

PROJECTED

2001. 4.557cents pert kwh
2002. 4..557cents per kwh will average at least 5%
2003. 4.557 cents per kwh cent less
2004. 4.557cents per kwh

OPT OUT PROCEDURE

Consumers that are automatically enrolled at the inception of the plan, shall have the right for 180 days following the initiation of competitive supply service to that consumers meter to "OPT OUT" of the aggregation plan. To "OPT OUT" a consumer simply needs to mail or deliver the following form to the Easthampton Mayor's Office:

"OPT OUT" FORM

Please fill out the form, including your Western Mass Electric account number (which is a 9 digit number that appears in the upper right hand side of your most recent Western Mass Electric bill) and mail the completed form , and a copy of your most recent Western Mass Electric bill to the following address:

Easthampton Aggregation Plan

Mayor's Office

Easthampton Ciity Hall

43 Main St.

Easthampton, MA 01027

NAME _____

ADDRESS _____

Western Mass Electric Account Number _____

I wish to "OPT OUT" of the Easthampton Aggregation Plan

Signature _____ Date _____

You may use a copy of this form, or you may pick up additional forms at the Mayor's office.

If at the end of the initial term of the initial contract a new contract is negotiated with a new competitive supplier, or a renewal contract is negotiated with the existing competitive supplier, all members of the Aggregation will have an additional opportunity to "OPT OUT" for 180 days following the initiation of competitive generation service under any such new contract or any such renewal contract. Consumers who opt out in this fashion at this renewal date will be entitled to receive default service from Western Mass. Electric or to contract with any competitive supplier for generation service.

DISTRIBUTION SERVICE

All consumers who participate in the Easthampton Aggregation will continue to receive distribution service from Western Mass. Electric. Western Mass Electric will continue to have responsibility for the delivery of electricity, the maintenance of all wires, the reading of all meters, and the routine billing of consumers for their complete electric service, including generation service. Western Mass Electric will perform this distribution service at distribution rates approved by the Department.

BILLING

Western Mass. Electric will perform all routine billing for both distribution service by Western Mass Electric and generation service by the retail supplier.

COLLECTION

The retail supplier will assume direct responsibility for collecting overdue amounts for generation service pursuant to the credit and collection rules described herein.

GENERAL CONDITIONS FOR COMPETITIVE SERVICE UNDER THE EASTHAMPTON AGGREGATION

1) Termination Rights in Favor of MEMBERS In addition to the "OPT OUT" rights described above, residential and commercial consumers who move after the start of the aggregation may terminate their contract for competitive supply. In addition all consumers would have the right to terminate in the event of any default by the Competitive Supplier.

2) Termination and Suspension of Service to individual MEMBERS in Favor of Competitive Supplier The Competitive Supplier has the right to terminate service to an individual members if that member is in default. Default will be defined as the unexcused failure to pay any bill within 51 days.

If a residential member has an appeal pending before the DTE, or a commercial member has an appeal pending before any court of competent jurisdiction, regarding a contested bill, and such appeal process continues beyond 51 days from the mailing of the initial bill, such member will not be in default and will not be terminated. However, the Competitive supplier may suspend generation service and switch such member to Default Service pending the outcome of that appeal. If such member prevails on any contested issue before the DTE or before such court, such member will be reinstated in the Aggregation following that appeal, and following the payments as ordered to be made by the DTE. or the court. Such payment order may include reimbursement for the difference between service at the contract rates and service at default rates for the period of time the member was switched to default service. If the member does not prevail on any contested issue, membership in the aggregation and service through the aggregation will be terminated and the competitive supplier will pursue collection efforts for the amounts due from such terminated member.

RELIABILITY OF COMPETITIVE SERVICE

Full requirements generation service, as defined below, will be provided by a Company that is a member of ISO New England. The generation service obligation of such company will be guaranteed by an investment grade guarantor. In the event such company fails to provide service for any reason, the members of the Aggregation will receive default service from Western Mass Electric at Western Mass Electric's default rates. In the event of any unexcused failure by the competitive supplier to provide service, the members of the aggregation will be entitled to damage payments from the competitive supplier that are equal to the difference between service at the contract rates and service from Western Mass Electric at default rates.

Full Requirements electricity supply service shall mean service at the delivery point (Western Mass Electric pool transmission facility) in sufficient quantities to meet the energy needs of each of the Aggregation Members at the meter of that Aggregation Member. The supplier will be responsible for obtaining all present or future requirements for Installed Capability, Operable Capability, Energy, Operating Reserves, Automatic Generation Control, losses, uplift costs, any congestion charges associated with Full Requirements Service and any other requirements, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time. The supplier will also be responsible for obtaining all transmission and distribution losses associated with delivery of the electricity to the customer's meter. Western Mass Electric will be responsible for delivering the competitive electric supply received at the Western Mass Electric pool transmission facility to the customers, pursuant to transmission rates and distribution rates approved by the department.

EQUITABLE TREATMENT OF ALL RATE CLASSES

One base rate for service to the entire aggregated load will be based on a competitive procurement of electric supply. This single base rate will then be adjusted as follows:

1. A line loss cost, specific to each rate class, will be added to the rate for each rate class that reflects the cost of line losses attributed to that rate class.
2. A cost of credit, specific to each rate class, will be added to the rate for each rate class, which cost of credit will be determined by the municipal aggregator, based on the market signals received regarding cost of credit in the competitive procurement process.
3. A low income adjustment may be made, at the discretion of the municipal aggregator, which reduces the cost of service up to 10%, to consumers receiving low income distribution discounts. The cost of this low income discount adjustment, if made, will be spread evenly across all other rate classes.

The final cost of service to each rate class will be fully and fairly disclosed in the "OPT OUT" notice that is mailed to each consumer prior to automatic enrollment. The rate for each rate class will achieve savings below the standard offer as described in the "Rate for Competitive Service" paragraph above.

OTHER TERMS AND CONDITIONS

Other terms and conditions, consistent with the above, will be established through the competitive procurement process. The initial contract procured will be described in an OPT OUT notice that is mailed to every consumer prior to automatic enrollment. Any renewal contract will be described in an OPT OUT notice that is mailed to every consumer prior to the initiation of service under such renewal contract.

Credit and Collection Rules Applicable to Easthampton Aggregation Members

The following rules are intended to balance two fundamental objectives of the aggregation: 1) the fair and uniform treatment of all consumers who elect to participate in this aggregation; and 2) the efficient collection of all legitimately issued bills. Membership in the aggregation is voluntary. All members agree to abide by the following rules as a condition of that membership. These rules mimic, in large part, the credit and collection rules applicable to competitive suppliers and distribution companies that are contained in 220 CMR 11.05, 25, 26, 27, 28, and 29.

Billing

Western Mass Electric will issue all routine bill for the entire electric service, including both wires related service and generation related service. Bills will be issued monthly, on the day following the individual meter read date. Residents, who make timely payments, will make one payment to Western Mass. Electric for both distribution service and generation service. If a consumer is delinquent in making payments for generation service, Western Mass Electric will not attempt to collect the delinquent amounts, but will continue to carry a notice on future monthly bills regarding any amount for generation service that is in arrears. Consistent with the rules applicable to private aggregators, the competitive supplier will be directly responsible for collecting overdue payments for generation service.

Collection - Residential Rules

First Collection / Termination Notice

The competitive supplier will be responsible for the collection of delinquent amounts for generation service if payment is not received through the routine Western Mass Electric billing process. If payment has not been received by the competitive supplier within 27 days of the mailing of the initial bill by Western Mass Electric, the competitive supplier will issue a collection notice requesting payment. This collection notice by the competitive supplier will include the following:

a) Due to lack of payment for the generation service, the competitive supplier has initiated the process to terminate membership in and generation service under the aggregation.

b) Membership in and generation service under the aggregation will be terminated on a date certain (51 days from the mailing of the initial Western Mass Electric bill).

c) In order to prevent generation service under the aggregation from being terminated, the resident must make payment of the delinquent amount **DIRECTLY TO THE COMPETITIVE SUPPLIER, CARE OF THE EASTHAMPTON AGGREGATION**, at an address to be provided.

d) If the resident attempts to make payment of the delinquent amount for generation service directly to Western Mass. Electric, it is likely that membership in and generation service under the aggregation will be terminated. The reason for this is that Western Mass Electric will apply any payments received to pay outstanding and current wires related charges, and will only apply payments received by Western Mass Electric, to generation service, if the payment is large enough to pay for all wires related charges, overdue and current, as well as the overdue charge for generation service.

Second Collection / Termination Notice

If payment for generation service has not been received by the Competitive Supplier, the competitive supplier will send a second collection notice. This second late notice will be mailed 48 days after the mailing of the first bill by Western Mass Electric. This final request for payment will include the following information in the notice:

a) Due to lack of Payment for generation service, The competitive Supplier will terminate membership in and generation service under the aggregation on (date certain) which date will be 72 hours after this second termination notice is received. All notices will be deemed to be received three days after they are mailed.

b) In order to prevent generation service under the aggregation from being terminated, the resident must make payment of the delinquent amount **DIRECTLY TO THE COMPETITIVE SUPPLIER, CARE OF THE EASTHAMPTON AGGREGATION**, at an address to be provided.

c0 If the resident attempts to make payment of the delinquent amount for generation service directly to Western Mass. Electric, it is likely that generation service will be terminated. The reason for this is that Western Mass Electric will apply any payments received to pay outstanding and current wires related charges, and will only apply payments received by Western Mass Electric, to generation service, if the payment is large enough to pay for all wires related charges, overdue and current, as well as the overdue charge for generation service. If the delinquent amount is paid **DIRECTLY TO THE COMPETITIVE SUPPLIER C/O THE EASTHAMPTON AGGREGATION** on before the date specified in paragraph a, membership in and generation service under the aggregation will not be terminated.

IF Generation Service is Terminated

If generation service to any Aggregation Member is terminated , The Competitive Supplier will notify Western Mass Electric of such termination and such Member shall be returned to Default Service by Western Mass Electric, at the rates authorized by the DTE for Default Service. The Competitive Supplier will continue to pursue collection efforts following termination for the overdue charges for generation service, including a \$25 membership termination penalty.

Arrears Notices

Western Mass Electric will continue to carry an arrears notices for the generation charges outlined above in the Western Mass Electric bill for two billing cycles following termination.

Any arrears notice by Western Mass Electric regarding generation payments will include the direction to make payments for these overdue generation charges directly to the **COMPETITIVE SUPPLIER CARE OF THE EASTHAMPTON AGGREGATION**, together with a warning that any payments for generation service in arrears that are made directly to Western Mass Electric are likely to be applied to wires charges rather than overdue generation charges.

Membership Renewal for Terminated Members

The ability of any consumer, whose membership in and generation service through the aggregation is terminated pursuant to the above procedures, to rejoin the Easthampton Aggregation, will be at the discretion of the municipal aggregator. Conditions for rejoining may include the posting of security deposits acceptable to the competitive supplier.

Appeal Procedures Any resident may dispute a bill for generation service and utilize the appeal procedures outlined in the following regulations:

220 CMR 11.07 Regarding unauthorized switching

220 CMR 25.02 Regarding billing disputes and termination Procedures

220 CMR 29:00 Regarding the transfer of responsibility for the payment of

electric bills to a landlord in certain circumstances.

The Competitive Supplier will suspend any termination process that is pending while a resident takes advantage of these appeal procedures. However, the reduced rates for the electric supply procured to service the Easthampton Aggregation is premised on the Competitive Supplier's right to limit the risk of non payment to a total of three months of non payments by any particular consumer. To the extent that any appeal is pending beyond the dates specified for termination outlined above, the Competitive Supplier will switch the member whose appeal is pending beyond such date, to default service.

Once the appeal is resolved, the Competitive Supplier will accept the outcome of the appeal, and collect only the amounts allowed by any order of the DTE. If the DTE rules in favor of the Competitive Supplier with respect to every contested issue, such member will remain on default service and membership in and the obligation to provide generation service under the aggregation shall be terminated. If the DTE rules in favor of such residential member on any contested issue, The Competitive Supplier shall return the member, without any other penalty, to generation service at the contract rates specified in this contract, as soon as such member makes whatever payment has been ordered by the DTE. This approach gives members of the Easthampton Aggregation the same appeal procedures available to consumers whose rights are defined by the above regulations, relative to any disputed amounts, while at the same time preserving the fundamental bargain, that allows the Easthampton Aggregation to procure savings for its entire membership.

Collection Procedures Applicable to Commercial Members

Commercial Members (defined as any member receiving service from Western Mass Electric at commercial rates) shall be entitled to the same notices outlined above for residents, prior to any termination from membership in the aggregation. Commercial

members may contest disputed bills in any court having jurisdiction over such disputes. If any such appeal is continuing beyond the date specified for termination in the schedule outlined above, membership in the aggregation and competitive service through the aggregation will be suspended pending the outcome of any such appeal. Any consumer whose membership is suspended in this fashion will be switched to default service pending the outcome of any such appeal. The competitive supplier will honor the order of any such court regarding the issues in dispute, applying the same principles outlined above regarding appeals by residential members.

Appendix 3 - "Opt Out" Letters

Form Letter re "OPT OUT" rights

Dear Easthampton Electric Consumer:

I am pleased to inform you that we have reached an agreement with ABC Corp to provide electric generation service to interested electric consumers in the City. The following table compares the rates that we have negotiated in this model contract to the rates charged by Western Mass Electric for "standard offer" generation service.

Year WMECO Standard Offer Rate New City Procured rate

2000

2001

2002

2003

Service at these new rates under this model contract will begin on the first meter reading following _____ and will continue until _____. At the end of this initial contract term you will have the right to renew this contract on the following terms

Additional Charges

We will provide in this section an explanation of start up charges, any special meter reading charges, or termination charges, if any are included in the final contract that is negotiated.

Schedule

Generation service under the City procured contract at the contract price listed above is scheduled to begin on .

How to enroll

If you would like to participate you do not have to take any action; you will be automatically enrolled on the first meter reading date following_____.

You will continue to receive only one bill from Western Mass Electric each month. Western Mass Electric will be responsible for forwarding to ABC Corp, the portion of your payment that is related to generation service. In the first bill following your automatic enrollment and subsequent bills thereafter, the price per kWh for generation service will be at the negotiated rate listed above.

How to opt out

If you would prefer not to receive generation service at these negotiated rates, you can "opt out" of the City procured plan. To "opt out", simply fill out the "opt out" form, which is available at the Mayor's office and return it to the address indicated on the top of form. If you complete and return this "opt out" form by _____, you will not be "automatically enrolled" and you will continue to receive generation service from your current provider of this service.

You may also "opt out" after you are automatically enrolled. To "opt out" in this fashion simply complete and return the "opt out" form at any time within 180 days following your automatic enrollment.

Additional Information

The Aggregation Plan, and the contract procured pursuant to that plan is available for inspection or copying in the Mayor's Office.

You may also contact the Division of Energy Resources at the following telephone number for information regarding other available service options.

Sincerely

Mayor Michael Tautznik